2011 Military Health System Conference

Impacting PMPM Through Strong Clinical Management

AMEDD Example: Redstone Arsenal vs. Ft Anywhere

The Quadruple Aim: Working Together, Achieving Success

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Army OTSG PAE

Report Documentation Page

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PMPM 101
Key Terms

- Equivalent Lives
  - Amount of care used by demographically similar groups (based on Age, Gender & BenCat) relative to the amount of care used by the average enrollee (1.00).
- Unit Cost
  - Direct Care (DC) Inpatient and Outpatient MEPRS Cost per unit of care (RWP and APG respectively) by location *where care is provided*.
- Utilization
  - Amount of care (i.e., number of RWPs and/or APGs) provided to enrollees.
- APG (Ambulatory Patient Group)
  - Classification system designed to explain the amount and type of resources used in ambulatory visits that:
    - Predicts the average pattern of resource use for a group of patients by combining procedures, medical visits and/or ancillary tests that share similar characteristics and resource utilization.
    - Provides greater weights for higher intensity services and lesser weights for lower intensity services

PMPM 101
Calculation Components

Work Center	Unit
DC Institutional (Inpatient)	RWPs
DC Professional (Outpatient)	*APGs
DC Ancillary (Radiology & Lab Only)	*APGs
DC Inpatient & Outpatient Expenses	**MEPRS A&B
Purchased Care (PC) Inpatient and Outpatient	Claims ($$)
DC, PC & TMOP Pharmacy	Actual Costs

Population	Unit
Enrollees	Equivalent Lives

* APGs account for Outpatient weighted workload (RVUs) and associated Ancillary weighted workload

**Labor (L) plus Non-Labor (NL) expenses (12 month rolling average)

- Inpatient NL Expenses (A Codes)= Total expenses minus L & depreciation
- Outpatient NL Expenses (B Codes)= Total expenses minus L, depreciation, & Pharmacy Step-down

PMPM 101
Basic Calculation

- Numerator

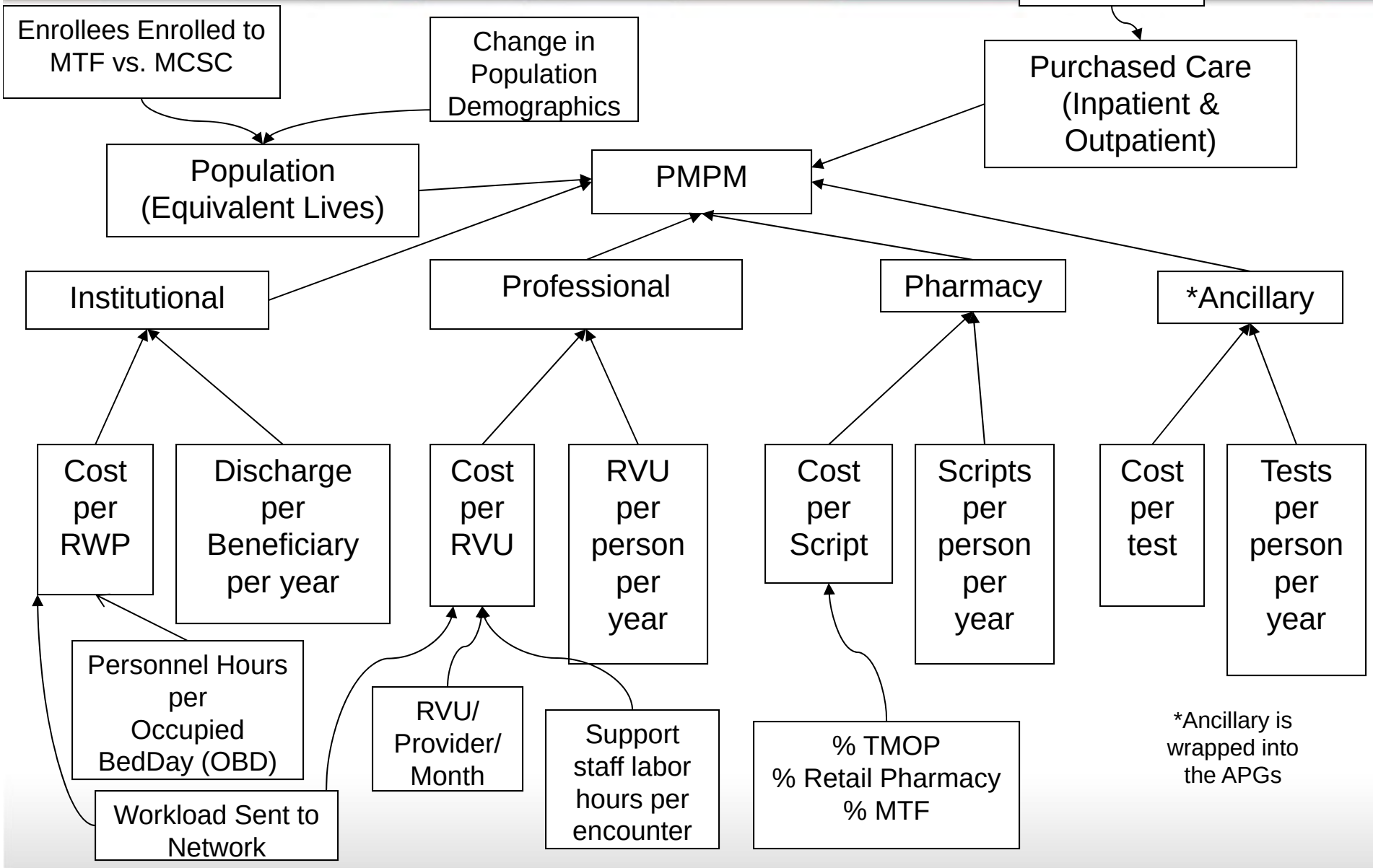
  DC Outpatient Costs: Number of APGs provided to Enrollees multiplied by Cost per APG of the location where care was provided. Cost per APG is derived by multiplying total APGs generated at location by the Outpatient Expenses of location.

  + DC Inpatient Costs: Number of RWPs provided to Enrollees multiplied by Cost per RWP of the location where care was provided. Cost per RWP is derived by multiplying total RWPs generated at location by the Inpatient Expenses of location.
  + Pharmacy Costs: pulled directly from database (no calculation)
  + PC Inpatient and Outpatient Costs: direct claims data (no calculation)

- Denominator

  Equivalent Lives

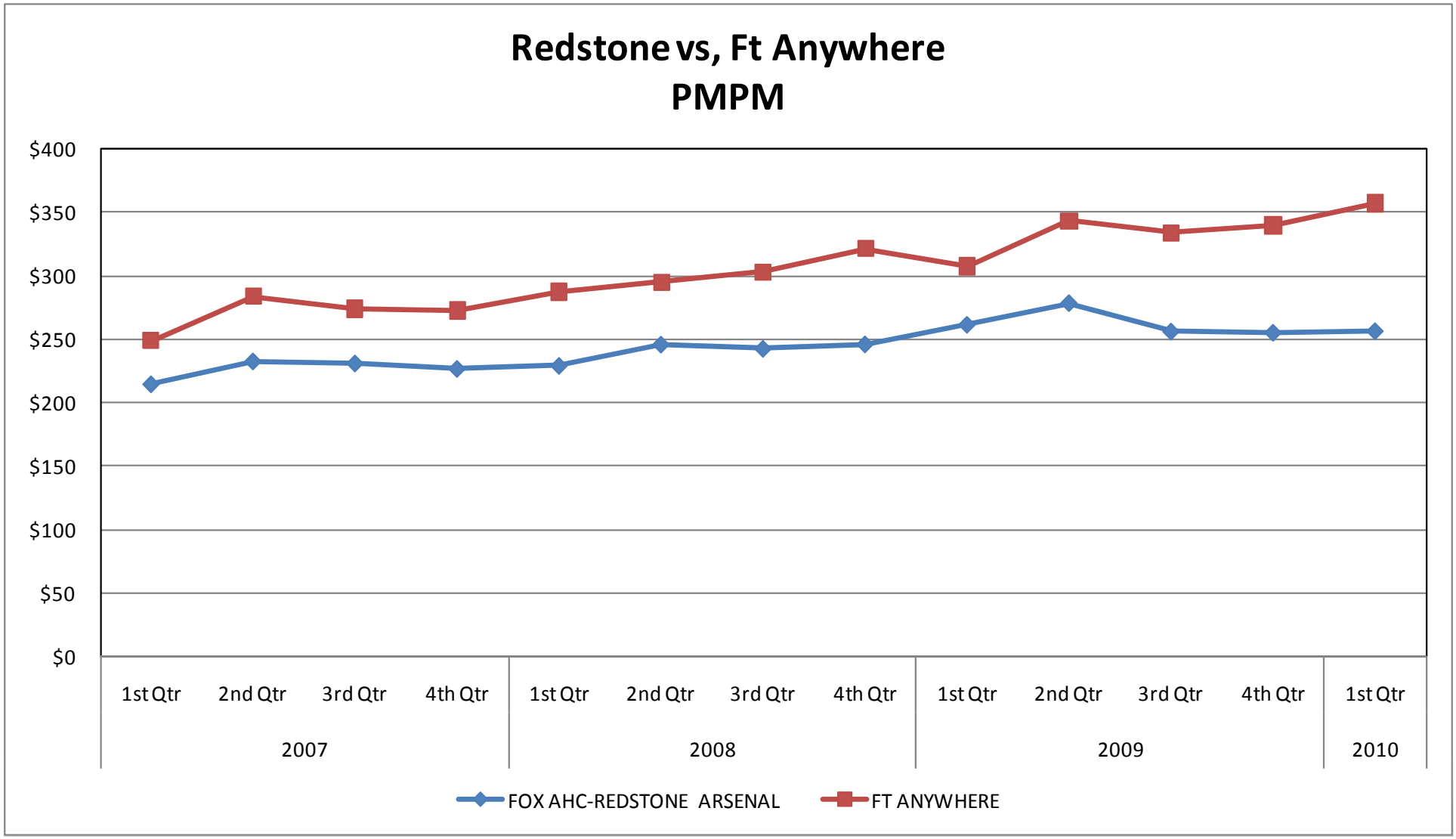
PMPM 101 Drivers



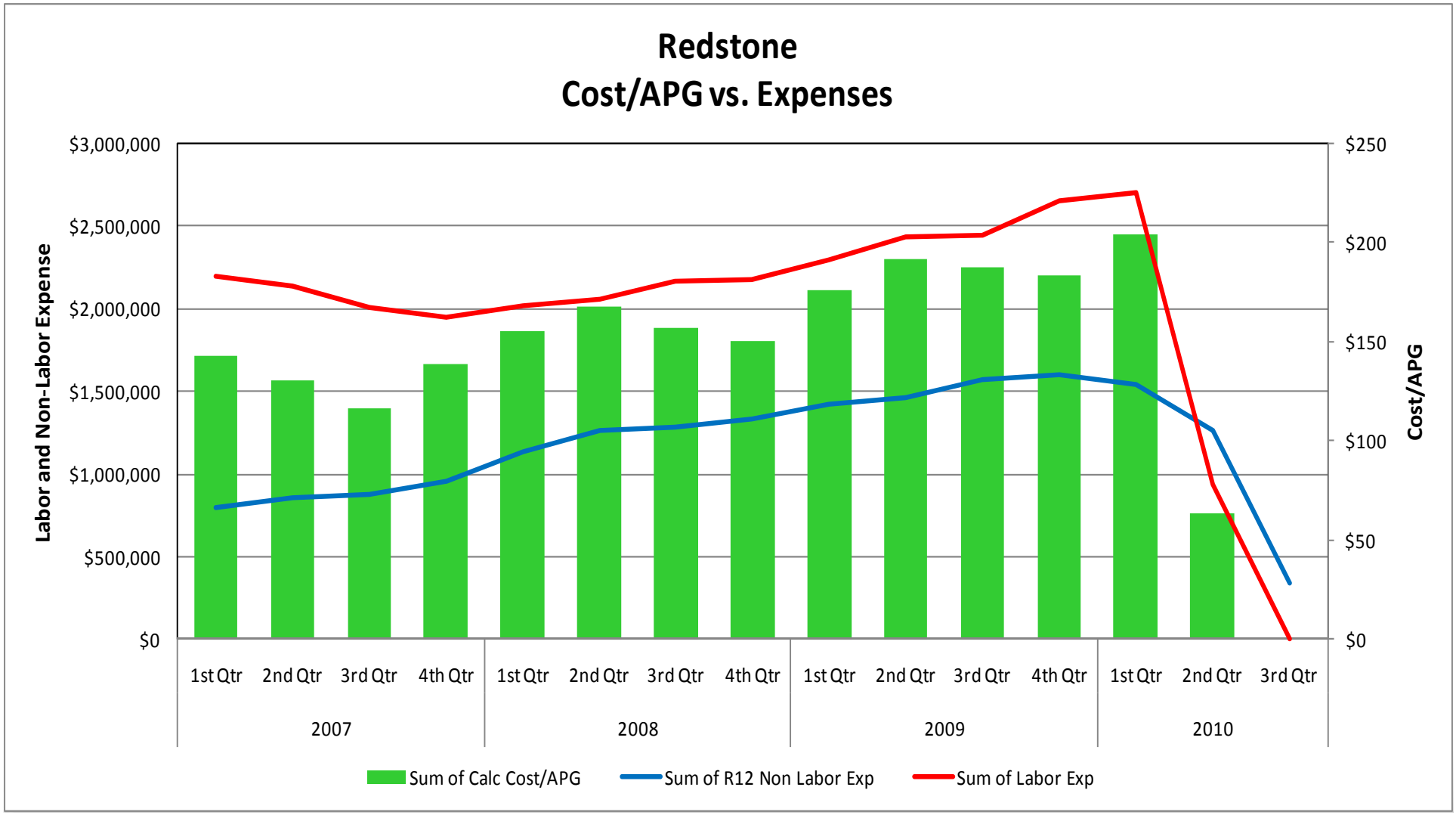
Why Redstone vs. Ft. Anywhere

- Common factors
  - Small MTFs with Ambulatory Operations Only
  - Have downsized over past several years
  - Slated to move to Business Only Operations (BO2)
- Why Redstone
  - HA data included them as possible choice of “good news story”
  - Data reflects relatively low PMPM
  - Data reflects relatively slow upward trend in PMPM
- Why Ft. Anywhere
  - Data reflects relatively high PMPM
  - Data reflects relatively sharp upward trend in PMPM

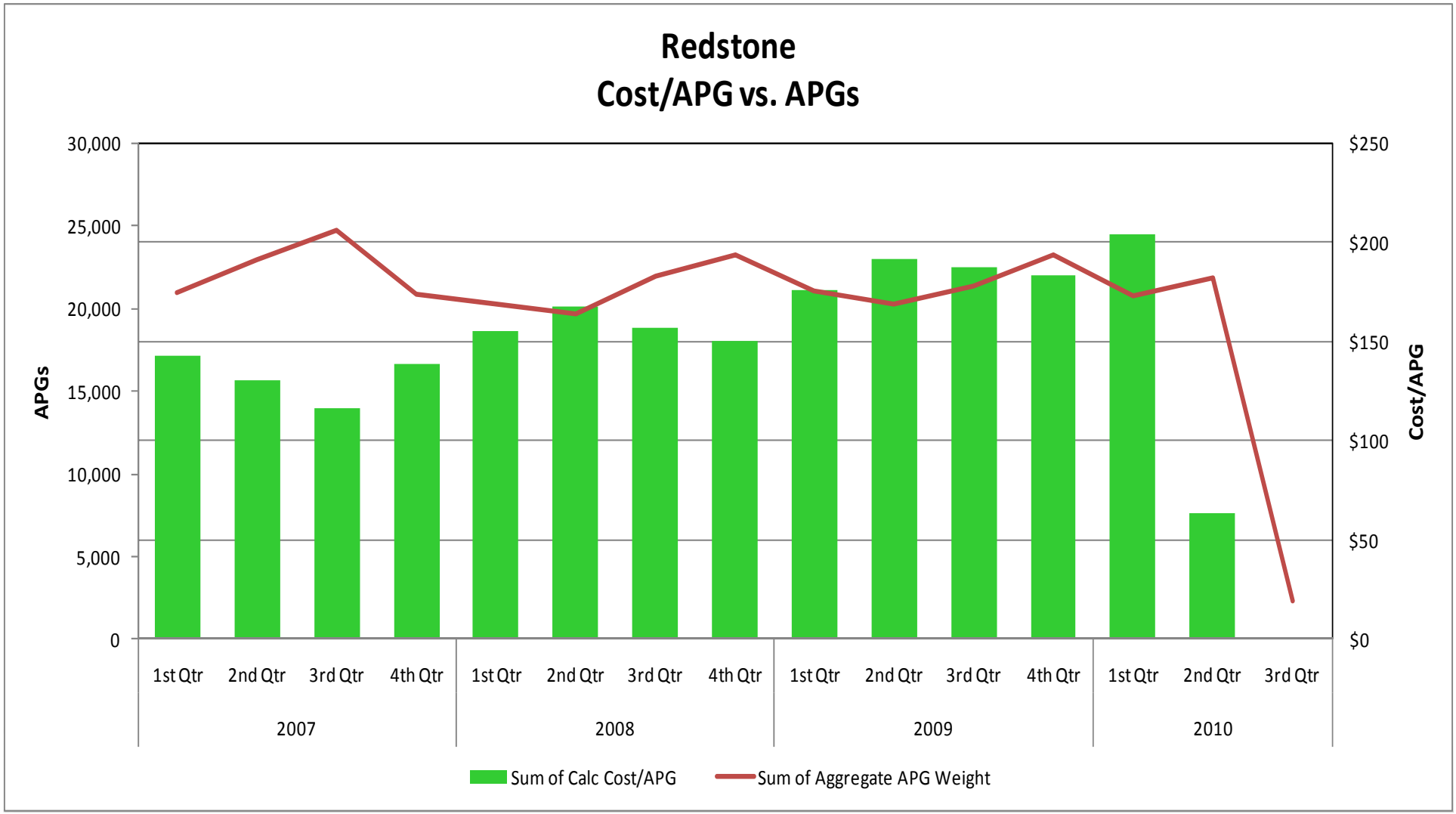
Why Redstone vs. Ft. Anywhere



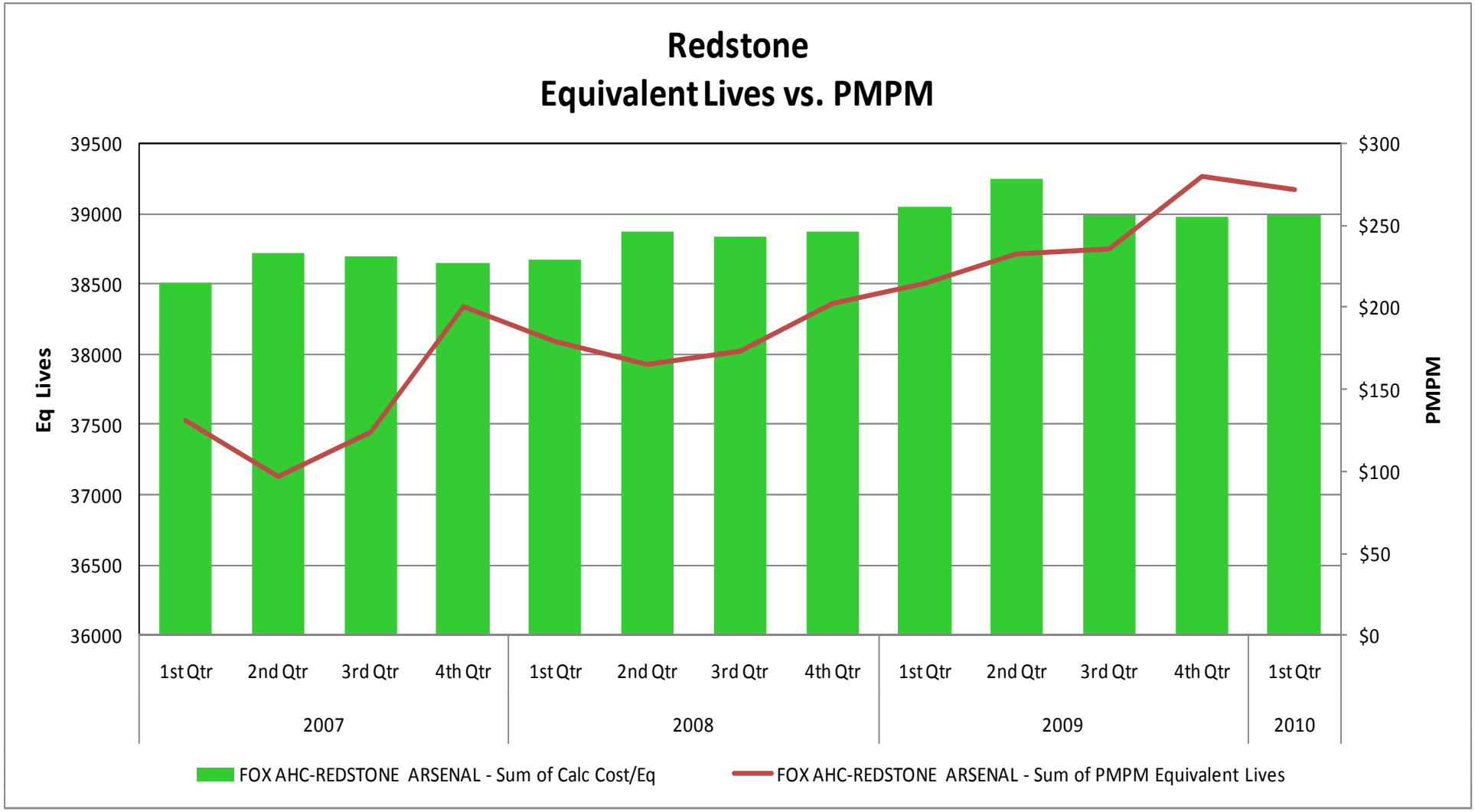
What Redstone did Right
Expenses



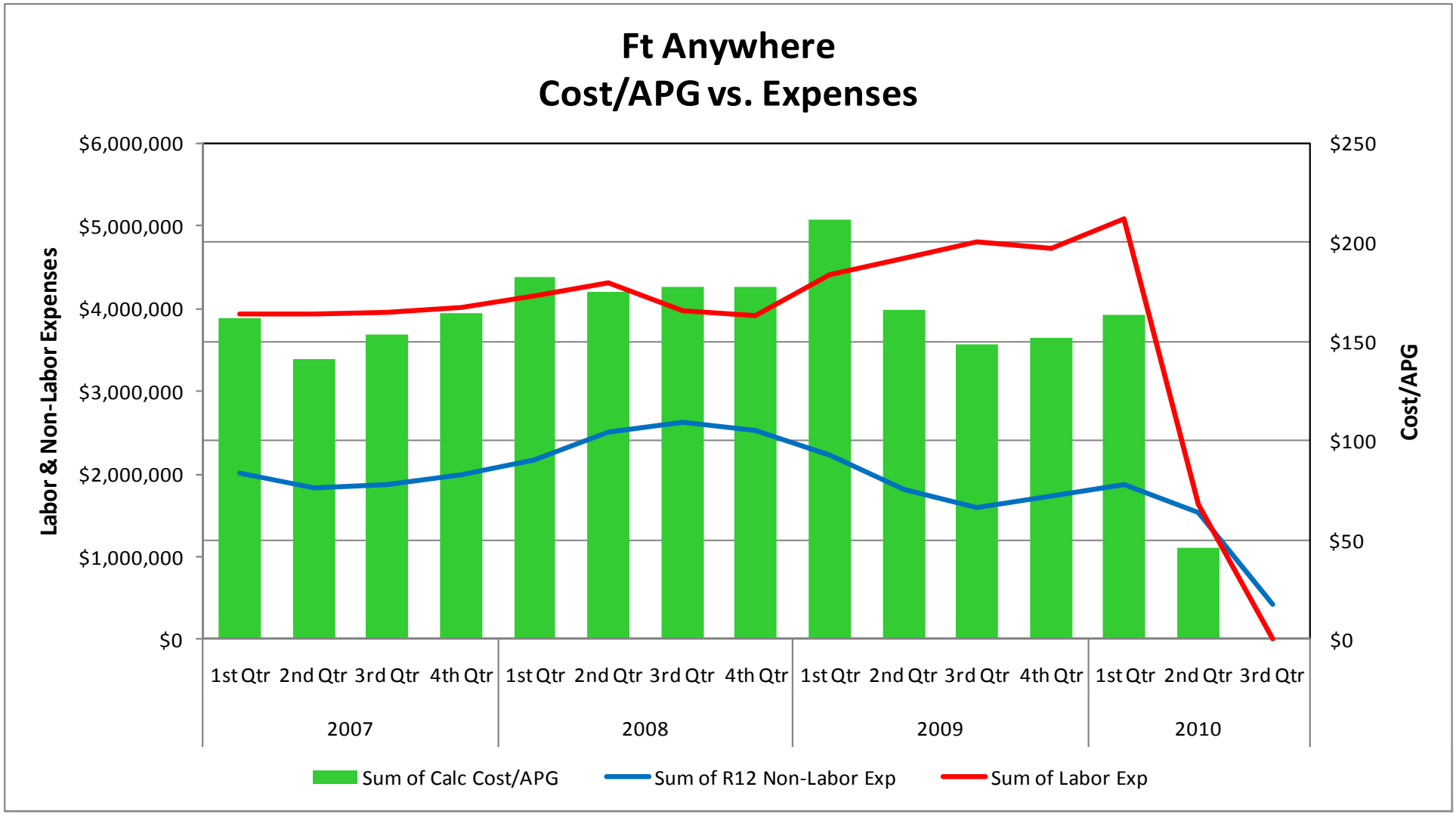
What Redstone did Right
Workload



What Redstone did Right
Population (Equivalent Lives)



What Ft. Anywhere did Wrong
Expenses



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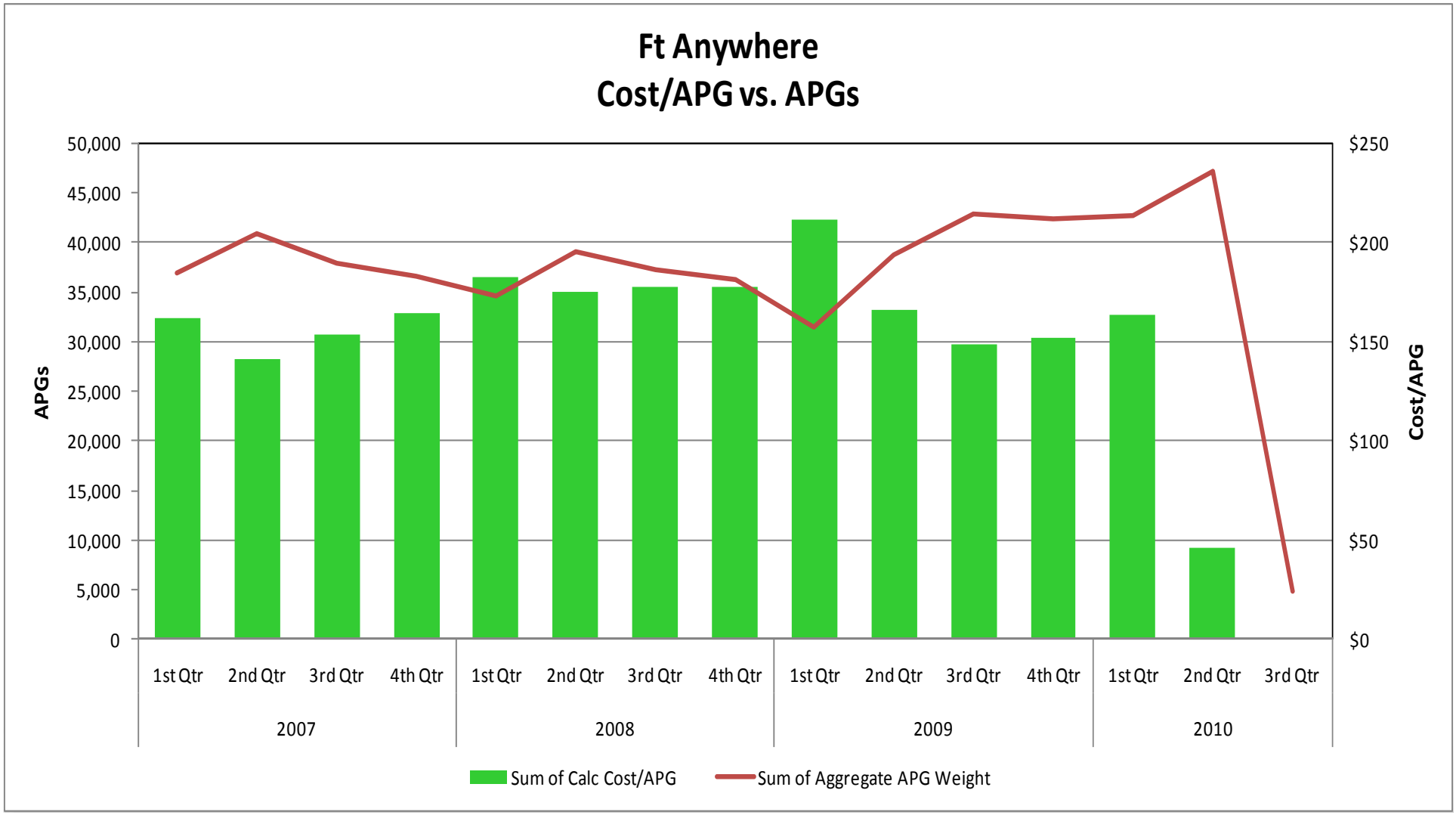
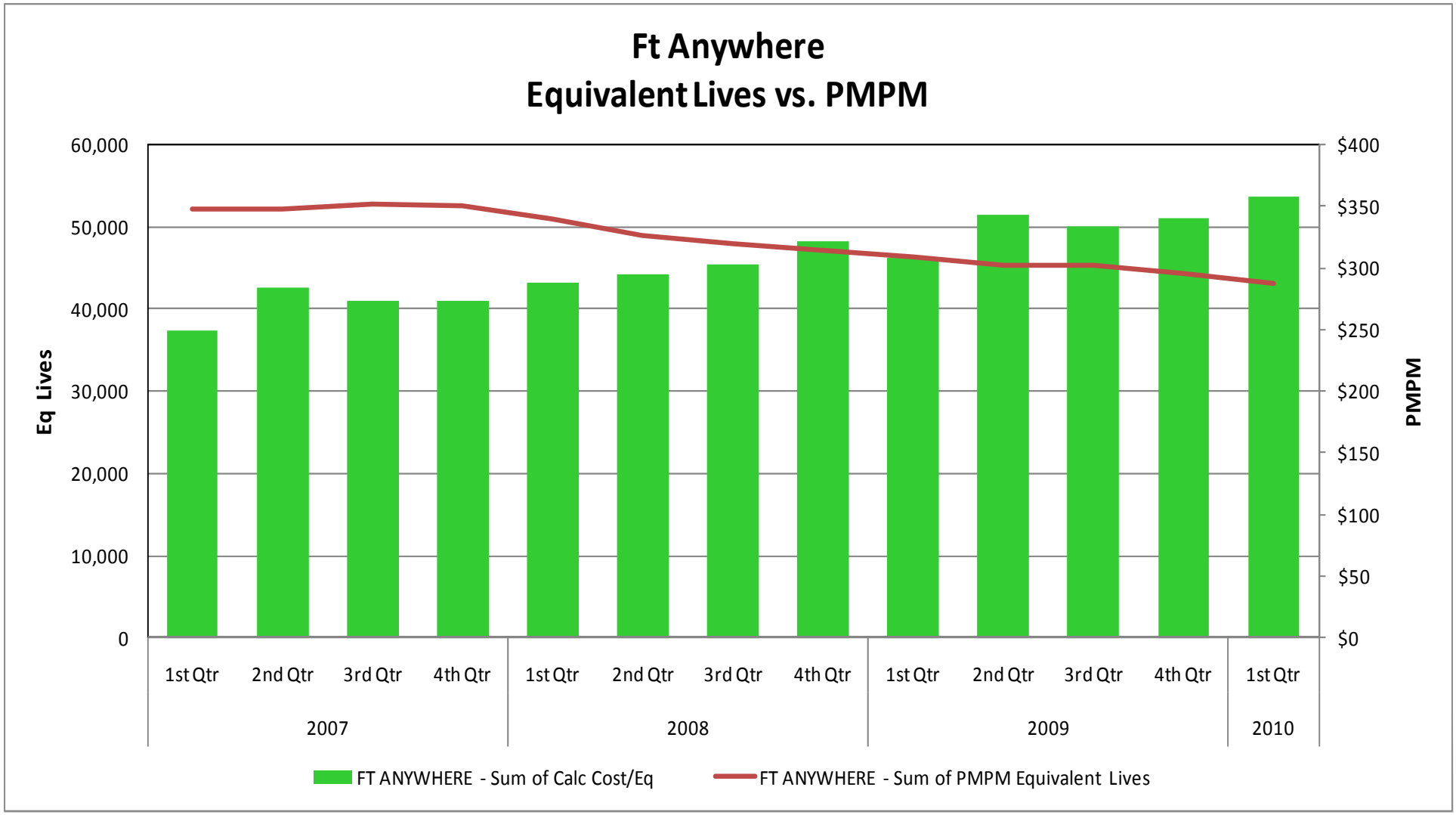
What Ft. Anywhere did Wrong
Population (Equivalent Lives)